

Message Text

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PAGE 01 THE HA 04800 01 OF 02 220044Z
ACTION EUR-12

INFO OCT-01 ARA-14 IO-14 ISO-00 CIAE-00 DODE-00 PM-05
H-02 INR-07 L-03 NSAE-00 PA-02 PRS-01 SP-02
SS-15 NSCE-00 SSO-00 USIE-00 INRE-00 EB-08 COME-00
TRSE-00 OMB-01 AID-05 ACDA-10 AF-10 STR-05 OES-07
FEA-01 LAB-04 SIL-01 /130 W
-----068414 220050Z /73/50

O R 201533Z SEP 77
FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC IMMEDIATE 1256
INFO AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY LISBON
USDEL MBFR VIENNA
AMEMBASSY OLSO
AMEMBASSY OTTAWA
AMEMBASSY REYKJAVIK
AMCONSUL CURACAO
USMISSION NATO
USNMR SHAPE
USMISSION USUN NEW YORK
EC COLLECTIVE

UNCLAS SECTION 1 OF 2 THE HAGUE 4800

CORRECTED COPY ADDED ADDRESSEE USDEL MBFR AND CORRECTED PARA SIX

USEEC ALSO FOR EMBASSY

USNMR SHAPE FOR POLAD

E.O. 11652: N/A
TAGS: PGOV, ECON, EFIN, NL
SUBJ: SPEECH FROM THE THRONE OPENS PARLIAMENTARY YEAR

1. SUMMARY: QUEEN JULIANA OPENED DUTCH PARLIAMENT WITH
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PAGE 02 THE HA 04800 01 OF 02 220044Z

TRADITIONAL PAGENTRY. HER SPEECH WAS RELATIVELY SOMBER AND
FORECAST A CONTINUATION OF THE PRESENT CARETAKER GOVERN-
MENT'S ECONOMIC POLICIES UNTIL A NEW GOVERNMENT IS FORMED.
END SUMMARY.

2. THE SUN SHONE IN HOLLAND TODAY, AT LEAST DURING MOMENTS
WHEN QUEEN JULIANA IN HER GILDED COACH JOURNEYED TO THE PIC-

TURESQUE CLUSTER OF BUILDINGS HOUSING THE DUTCY PARLIAMENT. THERE, AMID HEAVY TRAPPINGS FROM A FORMER ERA OF CONSIDERABLE INTERNATIONAL PROMINENCE, QUEEN JULIANA DELIVERED HER ANNUAL "SPEECH FROM THE THRONE" TO THE DUTCH PARLIAMENT AND ASSEMBLED DIGNITARIES. BECAUSE DURCH POLITICAL LEADERS HAVE NOT YET BEEN ABLE TO PUT TOGETHER A NEW GOVERNMENT, THE SPEECH WAS MORE FORM THAN SUBSTANCE. IT PROMISED GENERALLY A CONTINUATION OF THE INTERIM GOVERNMENT'S HOLDING MEASURES AND REPEATEDLY REFERED TO THE NEED TO FORM A NEW GOVERNMENT.

3. FOREIGN AFFAIRS

THE QUEEN BRIEFLY NOTED THAT "THE GOVERNMENT CONSIDERS IT A MATTER OF UTMOST IMPORTANFE THAT PROMPT ACTION BE TAKEN ON THE PROPOSAL BY THE PRESIDENT OF THE UNITED STATES TO HOLD CONSULTATIONS DESIGNED TO COUNTER THE DANGERS INHERENT IN THE USE OF NUCLEAR ENERGY AT ALL STAGES." SHE OBSERVED THAT FAILURE TO FIND SOLUTIONS TO PROBLEMS IN SOUTHERN AFRICA IS LEADING TO EVERGREATER CONFLICT AND STATED THAT THE "GOVERNMENT CONSIDERS IT JUSTIFIABLE FOR THE UN SEEURITY COUNCIL TO TAKE DECISIONS WHICH INCLUDE IMPOSING ECONOMIC SANCTIONS." THE QUEEN PEEDGED DUTCH EFFORTS TOWARD A FRUITFUL DIALOGUE IN BELGRADE, HOPING THAT DETENTE IN EAST-WEST RELATIONS WOULD BE ACHIEVED AND THAT IT WOULD HELP CURB THE ARMS RACE. THE DUTCH POSITION IS THAT ALL PROVISIONS OF THE FINAL ACT OF HELSINKI MUST BE RESPECTED. COMMENTING ON THE MULTILATERAL TRADE CONFERENCE IN GENEVA, THE UNCLASSIFIED

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PAGE 03 THE HA 04800 01 OF 02 220044Z

QUEEN SAID THAT THE NETHERLANDS HAS CONTINUED TO URGE MAINTENANCE OF FREE TRADE DESPITE PROBLEMS CONFRONTING MOST COUNTRIES.

4. DOMESIC POLITICS

THE QUEEN EXPRESSED CONCERN ABOUT DEVELOPMENTS WITHIN THE SOUTH MOLUCCAN COMMUNITY AND CALLED FOR MUTUAL TOLERANCE AND RESPECT FOR CONSTITUTIONAL PRINCIPLES.

5. DEVELOPMENT AID

IN KEEPING WITH ITS EARLIER COMMITMENTS, THE GOVERNMENT WILL CONTINUE TO PROVIDE 1.5 PERCENT OF NATIONAL INCOME FOR DEVELOPMENT AID.

6. ECONOMICS

THE QUEEN'S SPEECH STRESSED THE URGENCY WITH WHICH THE NEW GOVERNMENT, ONCE IT IS FORMED, MUST DEAL WITH BASIC ECONOMIC PROBLEMS. NOTING THAT RECOVERY FROM THE SEVERE DEPRESSION OF 1974-75 HAD NOT BEEN FULLY ACHIEVED AND THAT UNEMPLOYMENT IS AGAIN ON THE RISE AMID INCREASEINGLY SOMBER PREDITIONS FOR THE FUTURE, SHE SAID THE COUNTRY'S EARLIER POLICIES TO OVERCOME STRUCTURAL IMBALANCES AND UNEMPLOYMENT WILL HAVE TO BE CONTIN-

UED AND STRENGTHENED. SHE ADDED THAT A SPECIAL RESPONSIBILITY FOR DEVELOPMENT OF WORLD TRADE DEVOLVES UPON COUNTRIES IN BALANCE OF PAYMENTS SURPLUS, SUCH AS THE NETHERLANDS, WHICH SHOULD DO MORE TO STIMULATE CONSUMPTION AND THEREBY PROMOTE THE USE OF IDLE PRODUCTIVE

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PAGE 01 THE HA 04800 02 OF 02 220228Z
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C O R R E C T E D C O P Y FOR USDEL MBFR ADDED AND PARA SIX

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CAPACITY, ENCOURAGE INVESTMENT, AND HALT THE GROWTH OF UN-EMPLOYMENT. SHE RECOMMENDED EASING THE TAX BURDEN AND USE OF OTHER TEMPORARY MEASURES TO INCREASE CONSUMPTION THROUGH SOUNDLY CONCEIVED DEFICIT FINANCING. BUT SHE ALSO ANNOUNCED THAT THE GOVERNMENT, WHILE CUTTING ITS PLANNED TAX INCREASES BY MORE

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PAGE 02 THE HA 04800 02 OF 02 220228Z

THAN HALF, WOULD SUBJECT GAS, OIL, AND COAL TO THE REGULAR 18 PERCENT VALUE ADDED TAX (INSTEAD OF THE CURRENT 4 PERCENT) AND WOULD ALSO RAISE THE TAX ON CIGARETTES. SHE CONCLUDED THAT, WHILE IT MAY BE DESIRABLE TO MAINTAIN PURCHASING POWER OF THE "MODAL WORKER," AN EFFORT SHOULD BE MADE TO HOLD OTHER INCOME IN CHECK THROUGH THE COOPERATIVE EFFORTS OF EMPLOYERS AND TRADE UNIONS. THE NEED FOR URGENT ACTION ON THE ECONOMIC FRONT WAS UNDERLINED BY MACRO ECONOMIC FORECAST AND BUDGET NOTE (RELEASED COROLLARY TO THE QUEEN'S SPEECH) WHICH INDICATES A DETERIORATION IN EMPLOYMENT AND A DROP IN THE GROWTH OF NATIONAL INCOME IN REAL TERMS.

7. BUDGET

EXPENDITURES IN 1978 ARE PROJECTED TO INCREASE BY 4 PERCENT REACHING 96.2 BILLION GUILDERS (2.45 GUILDERS EQUAL \$1.00). THE DEFICIT IS ESTIMATED TO DECREASE FROM 14.6 TO 12.6 BILLION GUILDERS OF WHICH WU,(? ?8))89, 8 59 ?3 .35 0-458-))6 5#497&#&98,& 59 :-085-) .-4(35 -,\$?6 .9,35-46 *8,-,:8,&. FOLLOWING TABLE SUMMARIZES KEY BUDGET CHAPTERS FOR 1977 AND 1978 DRAFT BUDGETS:

	1977		1978	
	MILLION		MILLION	
	GUILDERS	PERCENT	GUILDERS	PERCENT
FOREIGN AFFAIRS (INCL. DEVEL. ASSIST.)	2639	3.0	2767	3.0
JUSTICE	2210	2.6	2473	2.7
INTERNAL AFFAIRS	4330	5.0	4922	5.3
EDUCATION AND SCIENCES	18245	21.1	19425	21.1
NATIONAL DEBT	6374	7.4	4950	5.4

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PAGE 03 THE HA 04800 02 OF 02 220228Z

FINANCE	1846	2.1	2209	2.4
DEFENSE	8394	9.7	9515	10.3
HOUSING	7405	8.6	8264	9.0
TRANSPORT & WATERWAYS	7214	8.3	7881	8.5
ECONOMIC AFFAIRS	1938	2.2	1773	1.9
AGRICULTURE & FISHERIES	1788	2.1	1784	1.9
SOCIAL AFFAIRS	9155	10.6	9492	10.2
CULTURE, RECREATION & SOCIAL WORK	8200	9.5	9098	9.7

HEALTH AND ENVIRONMENT 2937 3.4 3269 3.5

8. COPIES OF THE SPEECH FROM THE THRONE AND 1978 BUDGET
MEMORANDUM BEING POUCHED.
MCCLOSKEY

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Message Attributes

Automatic Decaptioning: X
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Copy: SINGLE
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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